



RETIREE NEWS

Winter 2006

Safeguarding PERS' Assets

Inside This Issue

Review Payment and Account Information On-line	2
Phone System Upgrades	2
PERS Contact Information	2
Understanding Your Year-end Tax Statement	3
PERS' Featured Retiree	4
2006 Check Mail Dates	4

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A natural question regarding the \$18.2 billion PERS fund, is "Where is the money?". PERS' portfolio includes over 4,000 domestic and international stocks and bonds. The majority of these securities are held in accounts at The Bank of New York (BNY). BNY is a large institutional bank that was founded in 1784, and currently administers over \$7 trillion in total assets.

The Retirement Board retains 27 external managers to make individual investment decisions on a day-to-day basis. While each of PERS' investment managers has the authority to buy and sell securities, they do not hold the assets. The assets are housed within accounts at the Bank of New York, and ownership is maintained through an institution called the Depository Trust Company (DTC). The DTC is a member of the Federal Reserve System, and electronically tracks the ownership and transfer of over 2 million securities, including all publicly traded stocks and bonds held by institutions and individual investors.

BNY keeps separate electronic records for each of PERS managers' holdings. To ensure the assets are properly accounted for, the bank recon-

ciles securities, prices, and outstanding trades with the investment managers on a daily basis.

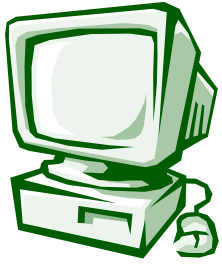
Last year, for all of its clients, the Bank of New York processed over 55 million electronic transactions. To support their technology infrastructure, the bank spends nearly \$600 million annually on maintenance and upgrades to their electronic systems. BNY also maintains an extensive disaster recovery system, including backup computers and off-site office facilities.

BNY employs numerous fraud protection systems, including procedures that incorporate checks and balances between individual bank personnel and departments. They also undergo financial and internal control audits by federal agencies and independent auditors. Finally, PERS separately retains an independent auditor to review our holdings and transactions.

While we utilize state of the art systems to protect the assets of the Retirement System, PERS, the bank and our auditors continue to work together to enhance the safekeeping of our assets. ■

DEDICATED TO DELIVERING ACCURATE AND TIMELY SERVICE

Review Payment and Account Information On-Line



Nevada PERS is pleased to announce an additional feature on our web-site designed to further assist our benefit recipients. PERS recently enhanced your ability to access information and make changes to your account by adding on-line account access for benefit recipients. On-line account access is secure, convenient to use, and eliminates the need for paper forms in routine account changes.

The new features allow you to view your retirement account(s), including: current mailing address,

current direct deposit instructions, post-retirement increase month, and check details. You may view prior year 1099-R information and request duplicate 1099-R's.

You may also change your mailing address, federal tax withholding instructions, and direct deposit instructions. Since the change is made through your secure account, no paper form is required by PERS. All changes made before midnight on the 14th of the month will be effective for the current payment month. Changes made after the 14th will be effective on the 1st day of the next month.

If you created a secure on-line account while employed, you can use the same login and password to access your retirement account. To create an on-line account, click on the "Create An Account" link from the home page and follow the instructions. PERS' staff members are available to assist you with any issues that you may encounter when creating or accessing your account. If you receive an error while creating your account, note the error number and call us for assistance at 1-866-473-7768 ext. 555. ■

Phone System Upgrades

In continuing PERS' commitment to provide accurate and timely service we have added improvements to our existing telephone system. In December 2005, upgrades were completed to unite our Carson City and Las Vegas phone systems. All PERS incoming calls are directed to a phone center in our Carson City office and answered in the order received.

By joining PERS' Carson City and Las Vegas phone systems into one centralized call center, we now have more staff available at any one

time to assist you. The phone center is staffed with trained Counselors and Technicians from both our Carson City and Las Vegas offices. While you are waiting to speak to a PERS representative, you will hear current announcements and other valuable information.

In the month of December the call center assisted 4,086 callers with an average wait time of 1.01 minutes. ■



PERS Contact Information



Las Vegas
Reno or Carson City
Toll Free

(702) 486-3900
(775) 687-4200
1-866-473-7768



www.nvpers.org



693 W. Nye Lane, Carson City, NV 89703
5820 S. Eastern Ave., Suite 220, Las Vegas, NV 89119



FAX

(775) 687-5131
(702) 678-6934

Understanding Your Year-end Tax Statement

In January 2006, PERS gathered 2005 year-end pension information and prepared 1099-R tax forms. The 1099-R form is a federal income tax form used to provide year-end income and tax information. The 1099-R is similar to the W-2 you received while working, and must be filed with your income tax form each year. In accordance with IRS rules, PERS must mail these forms on or before January 31, 2006, for the 2005 tax year. It is very important that PERS have your correct address information on file to ensure you receive the 1099-R form.

Below is a blank 1099-R form with an explanation of how the form is used to report income and tax information.

Form 1099-R		<input type="checkbox"/> CORRECTED (if checked)	OMB No. 1545-0119	
1 Gross distribution	2a Taxable amount		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
2b Taxable amount not determined	Total distribution			
PAYER'S name, street address, city, state, and ZIP code				
PAYER'S Federal identification number		RECIPIENT'S identification number		
3 Capital gain (included in box 2a)	4 Federal income tax withheld	5 Employee contributions or insurance premiums		
6 Net unrealized appreciation in employer's securities	7 Distribution code	IRA/SEP/SIMPLE	8 Other	%
9a Your percentage of total distribution	9b Total employee contributions			
RECIPIENT'S name and street address (incl. apt. no.), city, state and ZIP code				
Account number (optional)		10 State tax withheld		
11 State/Payer's state no.		12 State distribution		
13 Local tax withheld	14 Name of locality	15 Local distribution		
Copy 2 File this copy with your state, city, or local income tax return, when required.				
Department of the Treasury Internal Revenue Service				

- ◆ **Box 1 – Gross Distribution** – The total amount PERS paid you in 2005 before income tax or other deductions.
- ◆ **Box 2a – Taxable Amount** – If you paid contributions to PERS while you were working, a portion of your benefit may be non-taxable. Box 2a shows the amount of your gross distribution that is taxable.
- ◆ **PAYER'S name, address** – The Payer is PERS, LRS, or JRS.
- ◆ **Federal identification number** – PERS, LRS, or JRS Federal Tax ID Number.
- ◆ **Recipient's identification number** – Your Social Security number or other taxpayer identification number.
- ◆ **Box 4** – The amount of federal income tax withheld from your PERS benefit in 2005.
- ◆ **Box 5** – PERS uses this box to show Employee Contributions paid to you in 2005. Employee contributions are the portion of your retirement benefit that is paid from contributions you paid into PERS while you were working. Because you paid taxes on the contributions at that time, this portion of your benefit is non-taxable. The amount in

Box 5 is the difference between your Gross Distribution (Box 1) and the Taxable Amount (Box 2a). PERS **does not** use Box 5 to indicate insurance premiums paid in 2005; that information is not found on the 1099-R Form.

- ◆ **Box 7 – Distribution Code** – The IRS code used to determine what type of benefit you received.
- ◆ **Box 9b – Total Employee Contributions** – If this is your first year of retirement, Box 9b will show the total employee contributions that were used to pay your retirement benefit. If you have been retired for more than one year, this box will be zero.
- ◆ **Account Number (optional)** – Identifies which PERS account the benefit was paid from.
- ◆ **Boxes 10 – 15** – Nevada does not have State income tax; accordingly, these boxes are not used.

Your 1099-R has been mailed. If you do not receive your 1099-R by February 17, 2006, you may contact PERS at 1-866-473-7768 to request a duplicate. Please allow 7 business days to process your duplicate request. ■



"Thank You PERS"

Twenty-nine years come September 15, 1976, I drew my first benefit check covering the last two weeks of that month. It was not very large but helped in the plans I had for my life in those pre-inflation times.

Prior to retirement, I had begun traveling and had reached Mexico and Europe. Just after retirement I visited Japan, Hong Kong, Bangkok and the Island of Macau. The more I traveled, the more I longed for more exotic places.

Following a trip to the British Isles, Spain, Portugal and Morocco, Sri Lanka, India, and Qatar beckoned.

PERS' Featured Retiree

In the 1980's I discovered the Familie Sinz in Germany. It had been in existence since the end of World War II and to join one must be a descendent of that family and my maiden name was Sinz. I attended often and toured with them and on my own on trains so saw much of their country. I learned we came from Switzerland in 1064, and they gave me my genealogy, which included my grandfather. I reached East Germany through Checkpoint Charlie before the Wall came down.

Now, at 88-plus years, I live in a retirement home in Sonoma, California, and travel some locally and to Hawaii. Best of all, I am still on my own two feet. My pension is larger and certainly contributes to my well being.

Mrs. Frances Mattson

PERS Feature Retiree will be a continuing article in our quarterly newsletter. If you'd like to share your story, send it to: PERS Newsletter, 693 W. Nye Lane, Carson City, NV 89703. ■



2006 Check Mail Dates*

January 26, 2006
February 23, 2006
March 28, 2006
April 25, 2006
May 25, 2006
June 27, 2006
July 26, 2006
August 28, 2006
September 26, 2006
October 25, 2006
November 27, 2006
December 26, 2006

*Remember, with Automatic Deposit your funds will be in your account on the above dates.

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

Retiree News is a quarterly newsletter for retired members and benefit recipients of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703

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